



**Date:** June 24, 2015

**To:** Thomas J. Bonfield, City Manager

**Through:** Keith Chadwell, Deputy City Manager

**From:** Reginald J. Johnson, Director  
Department of Community Development

**Subject:** Housing Authority of the City of Durham/Development Ventures  
Incorporated Funding Request for Affordable Housing  
Developments

### **Executive Summary**

The Housing Authority of the City of Durham (DHA), on behalf of its real estate development affiliate Development Ventures Incorporated ("DVI"), submitted a funding proposal to the City of Durham (the "City") requesting a development grant to augment its affordable housing activities within the City of Durham. It is proposed that the requested funds be used exclusively to satisfy existing and future transactional liquidity and net worth requirements of the tax credit investors. DVI will be obligated to maintain any development that utilizes the grant, to satisfy transactional liquidity and/or net worth requirements, as an affordable housing project for a period of thirty (30) years, commencing when the respective development is placed in service.

The Community Development staff finds that the awarding of the development grant will assist DVI in rehabilitating and constructing affordable housing units within the City of Durham and thereby support the Department of Community Development's objective to develop and preserve safe and affordable rental housing within the City.

### **Recommendation**

The Department of Community Development recommends that City Council authorize the City Manager to execute a grant contract with Development Ventures Incorporated in the amount of \$500,000.00 from the Dedicated Housing Fund for the purpose of satisfying the Housing Authority of the City of Durham and/or Development Ventures Incorporated's liquidity requirements for existing and future affordable housing financial transactions.

## **Background**

DVI is a North Carolina non-profit real estate development corporation that was formed by DHA in 1985 to carry out DHA's affordable housing activities with Durham, North Carolina. DHA, on behalf of DVI, requested a development grant to augment its affordable housing activities within the City of Durham. It is proposed that the requested funds be used exclusively to satisfy existing and future transactional liquidity and net worth requirements of the tax credit investors.

The request is to provide liquid assets only. The proposed grant agreement creates specific accounting measures and requirements that will enable the Department of Community Development to monitor the maintenance of the liquid asset.

## **Issues/Analysis**

The 2010-2015 Five-Year Consolidated Plan and the 2015-2020 Five Year Consolidated Plan, which set broad strategic goals and defines the priorities and needs as they relate to housing and community development, have identified as an ongoing priority need, the preservation of affordable rental housing units. Though this request does not involve federal funds, it is consistent with the Department's objective of and commitment to the development and preservation of safe and affordable rental housing. The awarding of this grant will assist the City in providing additional rental opportunities for its citizens.

The requested funding, if approved by Council, will be structured as a grant. DVI will be obligated to maintain any development that utilizes the grant, to satisfy transactional liquidity and/or net worth requirements, as an affordable housing project for a period of thirty (30) years, commencing when the respective development is placed in service. The DCD will monitor DVI's development activities to ensure that the grant funds are being used for their restricted purposes.

## **Alternatives**

If the requested grant funding is not approved by Council, DVI will be unable to meet the liquidity requirements of its financial partners, thereby jeopardizing the viability of existing and future affordable housing developments.

## **Financial Impact**

Funds allocated in the Dedicated Housing Fund balance are available for this project.

## **SDBE Summary**

Not applicable